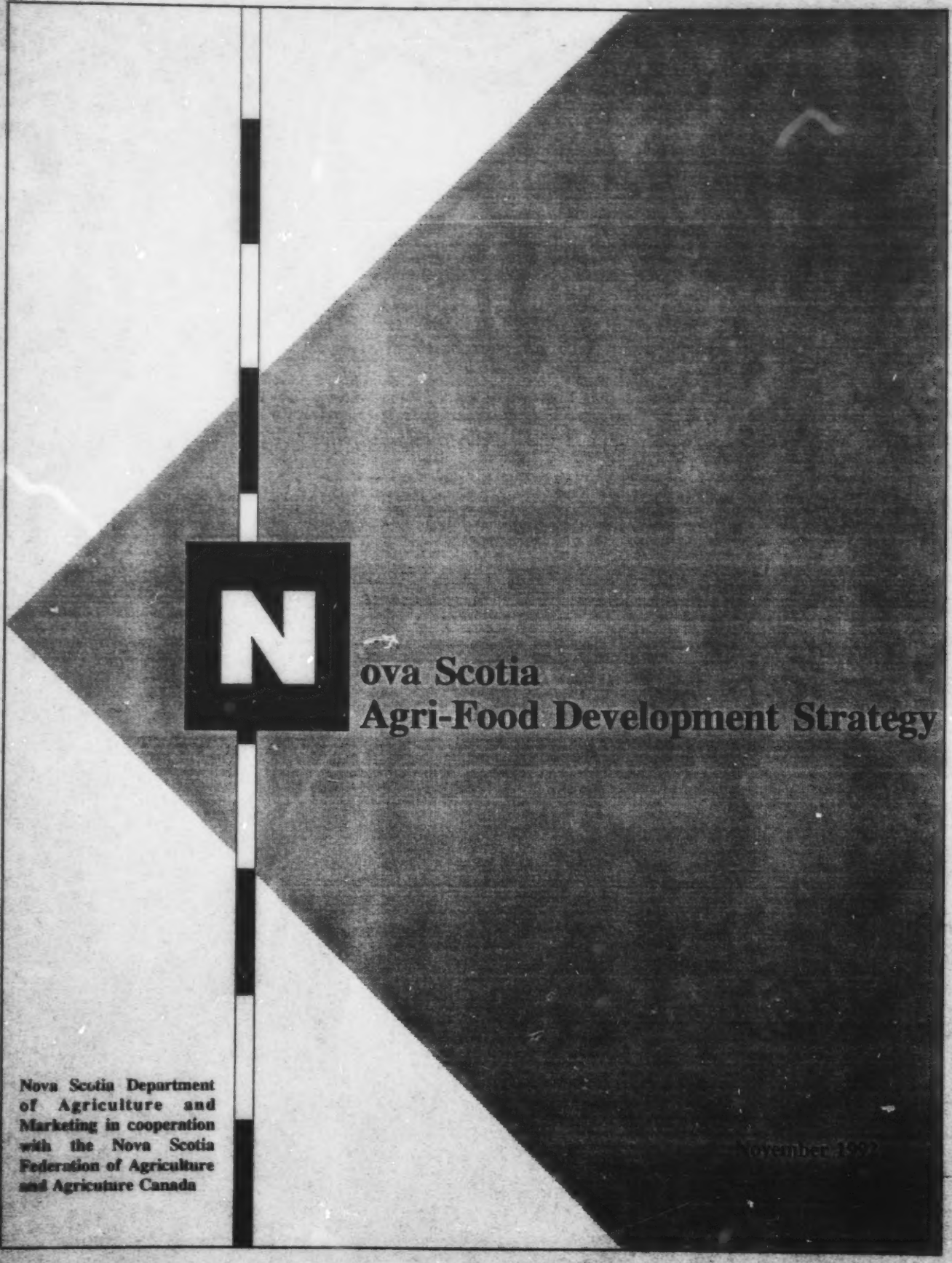

# Nova Scotia Agri-Food Development Strategy

Nova Scotia Department of Agriculture and Marketing in cooperation with the Nova Scotia Federation of Agriculture and Agricuture Canada

November 1992

# NOVA SCOTIA AGRI-FOOD INDUSTRY

# DEVELOPMENT STRATEGY

The Nova Scotia agricultural industry is at a crossroads. While this 500 million dollar agri-food industry is diversified and developmental, it is faced with a rapidly changing economic environment that requires adjustment within the industry.

In 1991, the Nova Scotia Department of Agriculture and Marketing initiated work to develop a strategic plan for the agricultural industry. Subsequently, the Nova Scotia Federation of Agriculture and Agriculture Canada joined the Department to co-operate in this development process. The agri-food industry in general has been involved and this document reflects the views and ideas of the industry.

To meet the goals and objectives established, the strategy will require the co-operation of all industry participants. The strategy identifies key directions that will focus programs, activities and policy initiatives in the future. Opportunities and planned actions have been identified for each key area. The development of this strategy has provided industry participants in Nova Scotia with the opportunity to determine their priorities - their opportunities - their future.

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## THE AGRICULTURAL INDUSTRY

The Nova Scotia agricultural industry is at a crossroads. Farmers, processors, distributors, retailers, and others are interdependent members of an agri-food industry that is diverse and aggressive. Together with other related businesses, from input suppliers to restaurants, it is faced with a rapidly changing economic environment that requires adjustment within the industry. Co-operation among all segments is needed to fully realize industry potential, ensure viability, and allow for a fair return to all participants.

- ***Primary Production***

Agriculture in Nova Scotia is a highly diversified industry encompassing a wide range of commodities and businesses. Virtually all agricultural products produced in Canada are represented by at least small-scale commercial production. Dairy products are the most important commodity, accounting for 29 percent of market receipts in 1991. Other major product groupings are poultry and eggs (21%), livestock (22%), and horticultural products (21%). The remaining production includes ranch furs, tobacco, grain including milling wheat, and maple products. Total industry receipts in 1991 totalled $307.6 million (Table 1).

A comparison within the Atlantic Region and Canada shows that Nova Scotia contributed 36.6 percent to the total market receipts for the Atlantic provinces and 1.6 percent of receipts for Canada. A breakdown of Nova Scotia's contribution by commodity, region, and Canada is shown in Table 1.

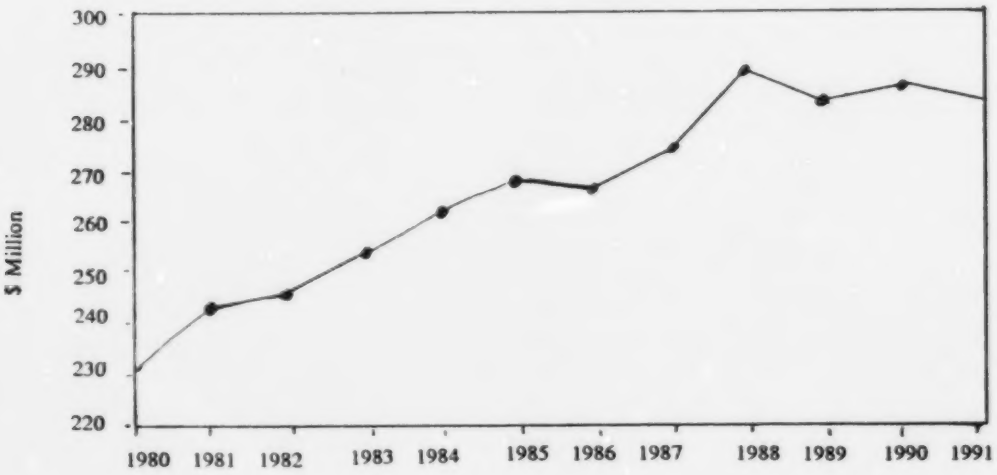
**TABLE 1: Market Receipts and Total Industry Receipts, Nova Scotia, 1991**

| Commodity | $ (million) | % of Total Nova Scotia Market Receipts | % of Atlantic Prod'n | % of Canadian Prod'n |
|---|---|---|---|---|
| Dairy | 86.0 | 29 | 47.4 | 2.7 |
| Poultry & Egg | 63.6 | 21 | 41.8 | 3.9 |
| Livestock | 66.2 | 22 | 35.5 | 4.5 |
| Horticulture | 62.9 | 21 | 23.9 | 2.9 |
| Other | 20.3 | 7 | 41.6 | 0.33 |
| **Total Market Receipts** | 299.0 | 100 | 36.6 | 1.6 |
| Direct Payments | 8.6 | - | 19.1 | 0.38 |
| **Total Industry Receipts** | **307.6** | - | **35.7** | **1.4** |

Source: Catalogue 21-001, Farm Cash Receipts, Statistics Canada

Agricultural production increased steadily during the early and mid-1980's, peaking in 1988. Since that time, the level of aggregate farm production has remained fairly constant (Figure 1). At the individual commodity sector level, growth has continued in such sectors as blueberries, strawberry plants, poultry, and floriculture, while production has been reduced in such cases as fur, hogs, and milling wheat. Business development and employment experiences have paralleled aggregate industry trends. Total farm employment increased from 6,500 to 8,500 in the 1980's and has averaged 7,000 in recent years. Two components of this change are the level of capital projects, undertaken on farms, which created a large number of jobs in the short term, and strong advances in labour productivity which has resulted in decreased labour requirements.

**FIGURE 1: Agricultural Production, Nova Scotia 1981-1991**




A review of census information over the past ten years shows that the number of farms in Nova Scotia decreased from 5,048 in 1981 to 3,980 in 1991. In 1981, 90 percent of these farms grossed under $100,000 in market sales while in 1991, 79 percent of farms had sales under $100,000 (Table 2). The largest proportion of agricultural production occurs on farms with market sales exceeding $100,000. In 1980, 71 percent of agricultural production came from farms with sales over $100,000 while in 1991, it was 82 percent (Table 3).

**TABLE 2: Number of Farms by Sales Classification, Nova Scotia, Selected Years**

| Census Years | Under $24,999 | $25,000 to $99,999 | $100,000 to $249,999 | $250,000 and over | Total Farms |
|---|---|---|---|---|---|
| 1981 | 3800 | 730 | 352 | 163 | 5045 |
| 1986 | 2897 | 649 | 466 | 269 | 4283 |
| 1991 | 2404 | 769 | 438 | 369 | 3980 |

Sources: 1981 Census of Canada, Agriculture, Sales Class and Product Type, Table 3
1991 Nova Scotia Agricultural Statistics, Table 7

**TABLE 3: Total Farm Product Sales by Sales Classification Nova Scotia, Selected Years (%)**

| Year | Under $24,999 | $25,000 to $99,999 | $100,000 to $249,999 | $250,000 and Over | Total % |
|---|---|---|---|---|---|
| 1980 | 9.0 | 20.2 | 26.3 | 44.5 | 100% |
| 1985 | 6.4 | 13.1 | 27.0 | 53.5 | 100% |
| 1990 | 5.5 | 12.0 | 21.6 | 60.9 | 100% |

Sources: 1981 Census of Canada, Agriculture, Sales Class and Product Type, Table 36-1
1991 Nova Scotia Agricultural Statistics, Table 9

- ***Farm Education Levels***

The education level of Nova Scotia farmers compares favourably with the Canadian average. Over 50 percent of Nova Scotia farmers have post-secondary training as compared to 36 percent nationally (Table 4). This is a strength for the industry and one of the key building blocks for future growth and development.

**TABLE 4: Education Levels of Farmers, Nova Scotia & Canada, 1988**

| | Nova Scotia % | Canada (%) |
|---|---|---|
| University degree | 9.8 | 5.6 |
| University without degree | 14.0 | 8.0 |
| Trade Certificate, Diploma & Other Non-University | 27.3 | 22.1 |
| Grades 9-13 with secondary | 5.6 | 11.3 |
| Grades 9-13 without secondary certificate or diploma | 27.3 | 30.8 |
| Less than Grade 9 | 14.7 | 22.2 |
| **TOTAL** | **100%** | **100%** |

Source: Agriculture Population Data Base -December 1988

- ***Related Agricultural Sectors***

The primary agricultural sector is part of a wider economic system which includes suppliers, processors, distributors, retailers, and other commercial services. There are strong economic linkages with other predominantly rural based industries and businesses. At the secondary level, these include such major sectors as dairy processing, slaughtering and meat processing, poultry products, fruit and vegetable processing, potato chips, feed mills, and fertilizer blenders. In 1991, there were 119 agricultural related manufacturing operations in the province employing 3,400 people (Table 5). There are many other agricultural related businesses in the service sector, including chick hatcheries, egg grading, trucking, grain elevators, farm machinery and equipment, livestock trade and auction, limestone, specialized insurance and financial services, farm accountants, marketing organizations, farm publications, veterinary and artificial insemination services, and so on. It is estimated that there are about 500 people employed in identifiable farm services businesses.[1] Agricultural and food

[1] These estimates refer only to specialized agricultural services and do not include general services, such as banking or car dealership.

products are key elements in many wholesale and retail businesses, especially food service and restaurants. Significant employment and revenue generation occurs as a direct result of this involvement.

TABLE 5: Agricultural Related Manufacturing, 1991

| Industry | Number of Establishments | Number of Employees |
|---|---|---|
| Meat & Meat Products | 29 | 556 |
| Poultry Products | 3 | 390 |
| Canned & Preserved Fruit & Vegetables | 12 | 457 |
| Frozen Fruit & Vegetables | 6 | 211 |
| Fluid Milk | 8 | 748 |
| Other Dairy Products | 11 | 253 |
| Cereal Grain Flour | 1 | 40 |
| Feed Industry | 11 | 217 |
| Other Bakery Products[a] | 1 | 110 |
| Potato Chip | 1 | 185 |
| Other Food Products | 12 | 44 |
| Wine (Farm) | 4 | 43 |
| Agricultural Implement | 5 | 38 |
| Mixed Fertilizer | 5 | 70 |
| Wooden Box and Pallet[a] | 2 | 19 |
| Hand Tool & Implements[a] | 1 | 3 |
| Machine Shop Industry[a] | 4 | 15 |
| Other Metal Fabricating[a] | 3 | 6 |
| **TOTAL** | **119** | **3,405** |

a - Included are only establishments engaged in agricultural related business.

Source: Nova Scotia Directory of Manufacturers 1992-93
Nova Scotia Department of Economic Development, March/92.

The value of shipments by Nova Scotia food industry manufacturers was $1.3 billion, including fish products. The value of shipments excluding fish products was $0.6 billion. The amount of value added for the food industry was $400 million including fish products. The amount of value added excluding fish products was $200 million. A complete breakdown of values by commodity area is not possible, due to confidentiality of data. Note that these values also do not include non-food agriculture related industries such as wine and mixed fertilizer (Table 6).

**TABLE 6: Value of Shipment of Goods of Own Manufacture & Value Added Food Manufacturing Industry and all Manufacturing Industries.**

| | Value of Shipments $ Billion | Value Added $ Billion |
|---|---|---|
| Total of all manufacturing industries | 4.8 | 1.8 |
| Total Food Industries | 1.3 | 0.4 |
| Food Industry (excluding fish) | 0.6 | 0.2 |

Source: Statistics Canada Catalogue #31-203

- ***Organizations***

A variety of organizations have been created to represent the varied interests of those involved in the agri-food industry. These organizations range from marketing groups to trade and industry associations to farm commodity groups.

The Nova Scotia Federation of Agriculture works on behalf of the industry to provide leadership and representation on issues of importance to all producers. The Federation draws its membership from 13 county federations and 18 commodity groups. Two organizations, the Nova Scotia Fruit Growers Association and the Blueberry Producers Association of Nova Scotia, are not officially represented by the Federation.

Each commodity has its own association to deal with issues specific to that commodity. In many cases, these associations also undertake some promotional activities on behalf of that commodity.

There are a number of marketing, trade, retail, food service, and industry organizations that have been developed to further the interests of their members. Membership in these organizations range from a narrow business perspective to a broad industry representation.

The Nova Scotia Department of Agriculture and Marketing provides a wide variety of educational activities and services designed to meet the changing needs of the agri-food industry.

The Nova Scotia Agricultural College has expanded its teaching and research capabilities and is in a position to accept the wider mandate expected to meet the challenges in this strategy. Its Atlantic mandate is a strength in meeting the regional co-ordination of the strategy.

- ***Nova Scotia Agriculture Market Orientation***

Nova Scotia's agricultural market conditions have historically favoured a unique blend of agricultural activity. This has involved a high composition of residentiary (market based) commodities such as fluid milk, poultry, eggs and local produce, together with some more resource based sectors, notably horticulture and fur.[2] Land extensive field crops and livestock were less important. One feature of this has been the lower cropping activity of hog, dairy and poultry farms compared with their national counterparts.

Approximately three-quarters of the industry's farm receipts are derived from final product sales made within the province. Shipments to other provinces account for between a sixth and a fifth of farm revenue, while foreign sales return less than a tenth. Within the crop sector, out-of-province and foreign sales are more important, typically accounting for 40-45 percent of shipments (Table 7).

**TABLE 7: Final Product Sales, Nova Scotia Agriculture, by Location, 1985-1991, Estimates**

| | Total Agriculture | Livestock Sector | Crop Sector[1] |
|---|---|---|---|
| In-Province | 75.6 | 81.6 | 56.5 |
| Out-of-Province | 17.6 | 14.6 | 27.0 |
| Foreign Export | 6.8 | 3.7 | 16.5 |
| | 100.0 | 100.0 | 100.00 |

[1]Cash Crops Only
Source: David Robinson, NSDAM

[2]The resource base in this sense should be interpreted to encompass technical considerations, including the specialized knowledge of producers.

- ***Cost Competitiveness***

In addition to the influence of resource availability and market opportunity, other cost factors have determined the nature and scope of production. The key cost factor has been feed grain costs. Historically, feed grains prices were comparable to other areas of Canada. The Feed Freight Assistance Program (FFA) equalized the cost of feed grain shipments with other regions for many years. Today, livestock and poultry account for three-quarters of provincial farm receipts and feed grains are the industry's largest production input. Competitive feed grain costs were particularly instrumental for the development of the hog sector. Changes in the FFA Program and in other feed grain policies since the 1970's have continually increased the comparative cost of feed grains. A number of initiatives are attempting to address the problem of structurally high feed costs[3] in the province.

Other input and factor cost comparisons have shaped the industry and impact upon current operations as well. Labour costs in rural Nova Scotia are generally below levels across Canada and the United States. This includes the opportunity cost of farm operators and potential entrants. An exception involves the wages and availability of low-skilled and, particularly, seasonal farm labourers in the United States. Agriculture in the province is more labour-intensive than is the case nationally at 23 employed per $1 million in receipts provincially vs 19 nationally. The diversity of our agricultural production base in comparison to the predominance of cereal production on the prairies is the key reason for the higher usage of labor per $1 million in receipts found in Nova Scotia.

Some purchase input costs in Nova Scotia reduce the cost competitiveness of the sector as measured against either Central Canada or the United States. Feed, chicks and pullets, A.I. services, dairy supplies, agricultural chemicals and fertilizers, and specialized farm custom machinery services costs more in Nova Scotia than in other major agricultural producing areas.

At the processing level, there are higher farm-to-wholesale and retail cost spreads for fluid milk, poultry and pork. Economies of size, specialization and the degree of local competition are common elements across many such situations.

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[3]Until the mid-1970's, feed prices were typically 4-6 percent higher than in Ontario, compared with over 20 percent at present.

While specific factors of production have shaped the historical development of agriculture, "competitiveness" is, of course, not static. Agricultural technologies can and have lessened the traditional limits of resources and cost factors. Gains that have been made in forage production and milling wheat are examples. At the same time, location and other market advantages can be created or eroded by developments in production, transport and processing - such as involving economies of size. There will always be inherent and unique local and Canadian factors that may limit our "competitiveness" if product price is the only measurement applied. We must recognize the limitation.

The key issue is that opportunities continue to evolve and the industry has to evolve with them. The need for change is reflected in the following section.

# THE NEED FOR CHANGE

The Nova Scotia agricultural industry has adjusted in the past to the changing needs of the market and to changing production systems. The industry has met the pressures of competition. Change is not new to the industry.

The many pressures facing agriculture in Nova Scotia today imply that the pace of change will speed up, not diminish. The industry needs to commit itself to re-examining its opportunities and constraints, and concentrate on the issues that will improve the ability of the industry to survive and prosper in the years ahead. Change can be used constructively, but only if the industry is prepared to assess and adapt to the issues underlying agricultural production and marketing.

The need for change also implies a new commitment to a closer working relationship among sectors of the agri-food industry, the service sector, producers, processor, distributors, and government. It is essential that all participants in the agriculture and food industry work co-operatively to achieve mutual goals.

The government sector has provided substantial support for agriculture. In the future, the level and nature of support and programs will change to meet new needs and encourage new opportunities.

The following key issues are driving the need for change in agriculture:

- ***Market Dynamics***

The market for food products is rapidly adjusting to new food preferences and to the demand for food safety assurances.

- Food Safety. Food safety, real or perceived, is an increasing part of consumer buying decisions. While the Nova Scotia Food system is among the safest in the world, consumer concerns will not disappear and must be addressed. There will continue to be pressure on how food is produced, processed, and marketed to cater to the food safety issue.

**Highlights**

- Detection of foreign substances in food can be rated in parts per billion, a 1000-fold increase in the last ten years.

- Food Preferences. Population demographic changes, evidenced by smaller families, an aging population, increased labor force participation, and changing food perceptions are driving a demand for different food products and different food marketing systems. The demand for prepared foods and food quality will create many new value-added opportunities, but will require the industry to change rapidly to meet changing demand. Profitable production will be determined if the agri-food industry responds to changing market needs and by its ability to create the products in demand by a changing population. These many changes offer new opportunities for Nova Scotians to fill new market niches and gain opportunities in the export market.

**Highlights**

- Per Capita Food Consumption, 1970-1990

| | |
|---|---|
| Yogurt | +846% |
| Low Fat Milk | +276% |
| Fresh Cauliflower | +179% |
| Turkey | + 83% |
| Milk Powder | - 56% |
| Eggs | - 21% |
| Beef | - 7 |

- Population Age Distribution %

| | 1981 | 1990 |
|---|---|---|
| Under 19 | 34 | 28 |
| Over 35 | 41 | 46 |

- Female Labour Force Participation

| | |
|---|---|
| 1970 | 38.3% |
| 1991 | 58.2% |

- ***Environmentalism***

Agriculture involves the environment. The sustainability of the environment, and the resources within it, are major agricultural issues today. The key elements are the natural environment and animal welfare. Soil degradation, urban encroachment, water quality, and fossil fuel use are major agricultural/environmental issues. Our farms, largely family owned and operated, are inherently sustainable. As society demands greater limits on the use of agricultural resources, so must society be willing to pay for these higher standards.

**Highlights**

- Environmental Issues

  - soil degradation
  - urban encroachment
  - water quality
  - fossil fuel use
  - animal welfare
  - packaging
  - waste management

The concern for the environment changes the cost of doing business, but also opens up new opportunities. Nova Scotia is fortunate to have relatively clean air, clean water, and unpolluted land. Agriculture must be dedicated to keeping it that way. Sustainable, environmentally-sound agricultural development must be part of the decision-making process.

Animal welfare and artificial production aids will dictate the agricultural production process that can be employed in the food system. Farmers are, and have to be, first and foremost, animal welfarists. The vision for animal welfare and the concern of farmers in this area has to be brought to the fore in industry development.

- ***Globalization***

The global village is the reality of this age. What we do affects others; what others do affects us. Changes in communications, technology, and transportation bring the world to our doorstep and allows us to develop our opportunities in the world. In addition, many of our traditional customers are becoming self-sufficient and some are competing with us for markets.

**Highlights**

- N.S. Exports 91.2 Million
  Imports 360.0 Million
- Canadian Exports $13.3 Billion
  Imports $ 9.0 Billion

It is recognized that consumer purchasing and the marketing system that responds to consumer demands will focus on their best opportunity from all over the world. Globalization of economic production and the increasing flow of goods and services between countries is the response to consumer demand.

Canada is an agriculture exporting nation; we export about 50 percent of what we produce. Canada has to participate in international agricultural trading. Nova Scotia, through Canada, is therefore part of these trading system. Those systems are being expressed through international trade arrangements such as the General Agreement on Trade and Tariffs (GATT), the Canada-United States Trade Agreement (CUSTA), and the proposed North America Free Trade Agreement (NAFTA). Those agreements outline the trading arrangements between countries and may limit actions nations can undertake to develop and support agriculture.

International trade rules will have a major influence over the nature and extent of programs we use to develop agriculture. Nova Scotia has to express its needs and opportunities as part of a larger context and understand we will be producing within agreed-on trading rules. The GATT, CUSTA, and NAFTA are the international response to changes in agriculture, trade, and consumer demand.

- ***The Agri-Food Industry is Changing***

While its economic significance remains high, the nature of the agri-food industry continues to change. Productivity enhancing technological advances serve over time to reduce commodity prices and increase the set of resources that one program can manage. As a result, the agri-food industry, including the farm sector, the service

sector, processing/distribution, and retail/food service components, is concentrating in fewer and larger organizations. Continuing productivity improvements and economies of scale in the processing sector and in farming requires rationalization, restructuring, and relocation, if the sector is to produce at market competitive prices.

While the family farm is, and will remain, the key producing structure, the needs of the farm manager are changing. Improved management skills and increased assessment and access to new technology will require changes in the approach to farming. Management oriented farming will replace production oriented systems.

**Highlights**

- Farm Nos.

| | |
|---|---|
| 1971 | 6,008 |
| 1981 | 5,045 |
| 1991 | 3,980 |

At the same time, the service sector will decrease in number. Although variety of services available will increase, the number of agencies providing it will not. Yet a greater proportion of the value of farm output will be provided by off-farm services. The selection and use of direct off-farm production inputs will be increasingly important to achieve profitable farm production systems.

The processing, distribution, retail, and food service sectors will also consolidate into fewer units. While this will increase their efficiency, there will also be a decrease in competition within the province, and increased competitive pressure from outside areas. Concentration in fewer structures opens up niche possibilities as smaller, creative new structures fill new opportunities.

- ***Fiscal Capacity***

These changes in the agricultural industry are occurring during a time of diminished fiscal capacity on the part of government, of lower real commodity prices, and concerns with credit availability on the part of the industry for reinvestment in new technology.

**Highlights**

| | 1980 | 1990 |
|---|---|---|
| • Net Cash Income Constant 1986 basis | $ 55.9m | $ 73.0m |
| • Credit Outstanding Constant 1986 basis | $ 196.6m | $226.5m |
| • Capital on Farms Constant 1986 basis | $1,129m | $902m |

Within government, the need to assess the benefit of government programs in agriculture has never been greater. The emphasis in government programs has been the support and stabilization of income, or through regulation. A greater proportion of new program needs will have to come from a reallocation of program funds from less effective areas. Priorizing program needs to maximize opportunity requires both an effective assessment of opportunity and priorities, as well as a willingness on behalf of the industry to

reallocate funds to these area. Government programs and policies must encourage adaptation of new opportunities.

Within the farm sector, lower commodity prices decrease the capacity of the farm to invest in new technology and new opportunities. The need for financial management to maximize returns and the need to assess investment strategies to allocate scarce resources has never been greater. As a result, the need for farm business management, or the ability to maximize farm business opportunities, has never been greater. Farming is now a highly complex, scientific, and business operation.

- ***Co-operation is Required***

The agri-food industry is complex and diverse. The farm component is becoming more specialized, and more dependent on the service sector for inputs and the value added sectors to enhance farm output. Governments provide services, regulations, education and training, research and development, financing and assistance programs, and market development.

**Highlights**

Co-operating Groups:

- Farmers
- Farm Organizations
- Service Industries
- Processors
- Distributors
- Government Depts.
- Retailers

A development strategy for Nova Scotia agriculture will need the co-operation of the many components of the Nova Scotia agri-food industry. Successful ventures are based on mutual trust, mutual respect, and are undertaken with the expectation that all participants will benefit.

The opportunity is also at hand to recognize and foster a strategic alliance within the Maritime Provinces to achieve economic self-reliance and greater prosperity for the region. The agri-food industry needs to assess opportunities for improved co-operation at the regional level to the benefit of the total industry.

## DEVELOPING A NEW VISION FOR AGRICULTURE

The agriculture industry in Nova Scotia and in Canada is going through a significant period of change. Change is affecting all its participants, including producers, processors, suppliers, governments, and other public institutions that have a role in agricultural production and marketing. The industry needs to articulate a vision to determine where the industry wants to go. There is an acceptance that the industry is changing, that there are still substantial changes to come, and that the industry needs to determine its future. There is a need for a change in attitudes to the industry, how it will determine its future, and the nature of the industry.

All sectors of the industry must participate in determining the industry's future direction. Because the industry is diverse, complex, and involves many participants, its vision for the future is necessarily expressed in broad terms.

The vision for agriculture can be expressed in common elements of agriculture. Our vision of the industry is one where:

- **The agri-food industry contributes to the well-being of its participants and to all Nova Scotians**

The future of agriculture in Nova Scotia belongs to its participants and to all Nova Scotians. To achieve this objective, the industry needs to develop partnerships and strategic alliances within each sector and among sectors that make up the agri-food industry, and encourage the support of all Nova Scotians.

Agriculture is a major employment force in rural Nova Scotia and maintaining a commodity diverse industry provides the economic base for many rural communities. The development of the Nova Scotia agricultural industry must strengthen and diversify rural economies by supporting sustainable sectoral development, consistent with long-term opportunities. The agri-food industry will require a more educated and skilled labour force if it is to provide the economic stability for our rural communities.

- **The agri-food industry is market driven**

There is a recognition that consumer demand will be the focus of agricultural production and that increased competition from other areas will combine to require changes from the industry. There is a strong need to assess market needs and opportunities, change production to meet those needs, and to forge new partnerships among industry participants to achieve opportunities. There is recognition that quality and service are part of the future.

- **The agri-food industry is sustainable**

Protection of the Nova Scotia environment and assuring the long-term sustainability of the resources is essential. Farmers, as stewards of the land, have a major responsibility and opportunity to contribute to the environmental sustainability of Nova Scotia.

- **The agri-food industry develops within a stable and competitive fiscal environment**

All participants in the agri-food industry can work together to achieve this vision. By implementing fiscal measures that encourage program effectiveness, co-ordination of capital investment and consultation, the agri-food industry can develop and grow within a stable and sound fiscal environment.

- **The agri-food industry ensures Nova Scotians are aware of, understand, and participate in industry decision-making.**

The industry has a responsibility to assure all Nova Scotians are aware of the importance of this sector of the provincial economy and through awareness programs, encourage the public to participate in the future development of the industry.

## STRATEGIC DIRECTIONS

Planning for the future growth and development of the Nova Scotia agricultural industry is a shared responsibility. All participants in the industry must have a significant role in the planning process if we are to guide the industry in the path that will provide the opportunity to expand and grow, while minimizing the impact of impediments to that growth.

## MISSION

A Mission Statement provides focus for the general philosophy, the specific objectives, and the anticipated results of the development strategy. The Mission recognizes the need for planning to focus efforts in a concerted and appropriate manner to achieve intended results. The Mission will be:

> ***To encourage the development of a viable and sustainable Agriculture and Food Industry for the betterment of Nova Scotians.***

## OBJECTIVES

Objectives are statements of purpose which provide direction to programs and activities. They are broad statements that not only relate to agriculture, but also impact on other sectors of the Nova Scotia economy. Specifically, the objectives provide for industry participants to work co-operatively to:

- Improve the viability and stability of the agriculture and food industry, and enhance its ability to grow.
- Increase the competitiveness of the agriculture and food industry to maintain and create new employment and income opportunities.
- Foster the development of a diverse rural economy with a continued role for family owned and operated farms.
- Provide leadership in the development of the human resource through agricultural education.
- Ensure an environmentally responsible and sustainable agriculture and food industry.
- Enhance the advancement and development of rural people and communities.

## PRINCIPLES

The achievement of the mission and objectives requires shared beliefs, commitment, and common principles which guide the activities and working relationships of all industry participants. They are to:

- Provide opportunities for our key asset - people - to enhance their technical and management skills to meet the challenge of a dynamic, changing agriculture and food industry.

- Strive for excellence - to be the best we can be - in all aspects of the agriculture and food industry.

- Provide an open consultative environment so that all participants in the agriculture and food industry can contribute to resolving issues to the benefit of all.

## FUTURE DIRECTIONS

**INTRODUCTION:**

Agriculture in Nova Scotia is facing new opportunities in a changing world, Canadian, and provincial agricultural environment. The agri-food system is growing in size and importance, but the share of total consumer expenditures allocated to food purchases has been consistently falling over time. In 1960, nearly 25% of personal disposable income was spent on food while in 1992, approximately 14% is spent on an improved food basket.

Within this context, there are significant opportunities for the growth and development of the Nova Scotia agri-food industry. Participants in the industry must be able to identify those opportunities and build an industry capable of meeting the needs of the consuming public.

This section of the report is organized such that the strategic direction is provided, followed by significant opportunities, along with planned actions required to achieve the opportunity. The strategic direction provides focus to the use of resources, while the planned action statements show how the resources must be used to achieve results.

In general terms, there are planned actions that must occur within the total industry if we are to take advantage of identified opportunities. All industry participants have a role to play in this process. These actions include:

- Articulation of a development strategy that responds to the needs of the total industry and that has input from all participants.

- Greater involvement, co-operation and co-ordination in the development of programs and activities by all participants in the industry.

## *1. COMPETITIVE SUCCESS*

The agricultural industry operates in a business environment that is fast becoming global in nature. Today, less than 2% of the population produces the raw materials from which our food stuffs are prepared. To remain in the forefront of this highly competitive industry will require change - changes in the attitudes of industry participants, the relationships between supplies and customers, and a different role for government.

> **We must build an agriculture and food industry that is based on competitive success, so we will be able to sell more products and services in the domestic and global marketplace.**

### OPPORTUNITIES

- Increased productivity and efficiency at all levels of the agri-food chain.

- Expansion of product areas and services where we have a market opportunity and/or a competitive advantage.

- Expansion of the production of livestock feeds to displace importation of these commodities.

- Continued co-operation and co-ordination of activities and programs by all participants in the industry. Nova Scotia is known for its abilities to work together in a planned and co-ordinated manner.

- Expanded role for the private sector in providing goods and services to industry participants.

**PLANNED ACTIONS**

- Develop programs that encourage the transfer and adoption of new technology.
- Encourage programs and extension education activities that enhance the business management and production skills of industry participants.
- Develop strategies and programs that will enable producers to reduce cost and/or risk within their businesses.
- Explore opportunities for co-ordination and co-operative efforts on an Atlantic basis.
- Develop economically sustainable, environmentally sound production and management strategies, and programs that will foster the growth and development of the Nova Scotia agricultural industry.

## *2. MARKET ORIENTATION*

The emergence of a more open trading environment will cause a change from production to market driven systems in our agricultural industry. New opportunities for marketing our agricultural and food products continue to emerge. To take advantage of such opportunities, market potential must become a key criterion. Recognition of changing consumer preference, changing demographics, and more value added are seen as key elements in this significant opportunity.

> **We must provide leadership to focus our production systems to meet the needs of a changing marketplace.**

**OPPORTUNITIES**

- Adding value to basic raw material provides increased labour opportunities, increases the revenue base of the province, and provides other economic benefits to not only participants in the agricultural industry, but all Nova Scotians.

- Niche markets exist for a variety of our products and production. We need to identify where and what can be marketed in this manner and capitalize on this small but growing opportunity.

- Import displacement offers an important opportunity to our industry. Quality, supply, and productivity are key elements that must recognized, improved, and featured if we are to capitalize on this opportunity.

- Export markets can be accessed for our products. Our climate, geography features, our reputation for quality and safety are seen as significant factors that can enable our industry to expand export markets. Our closeness to the United States must also be recognized as an opportunity.

**PLANNED ACTIONS**

- Work with all industry participants to develop a co-ordinated agriculture market strategy for Nova Scotia.

- Encourage the development of new products and value-added products to meet the changing needs of consumers.

- Identify and develop new markets and market opportunities for Nova Scotia agricultural and food products.

- Expand and improve market research and analysis services available to industry participants.

- Encourage the development of programs which will enhance marketing expertise through improved education and communication.

- Facilitate the development and timely transfer of market information to all industry participants which will enable faster response to changing market demands.

## 3. *RESEARCH, EDUCATION AND TECHNOLOGY TRANSFER*

Co-operation among governments, industry and primary producers is needed to ensure that research, education and technology transfer programs respond effectively to emerging needs and priorities.

The agricultural industry must develop, adapt, and adopt new technologies at an accelerated rate to remain competitive. Research and development expenditures must increase with emphasis on applied research for more immediate payback, while recognizing that our long-term future competitiveness will require the creation of new innovative technologies. All members of the agricultural industry must take an active role in establishing research priorities and must become more proactive in funding those projects of highest priority that support key market opportunities.

Government must facilitate the transfer and practical application of technology through education, training, communication, technical services, and development programs.

**Research, education and technology transfer must be focused effectively and support key market opportunities.**

**OPPORTUNITIES**

- Research that is oriented and co-ordinated on a regional basis.
- Research and technology transfer program that offers more immediate payback to the end user of results.
- Greater industry involvement in the establishment of research priorities and in on-farm research programs.
- Improved course design and content in educational programs to meet the changing needs of industry participants.
- Improved communications of research results and more efficient technology transfer programs to ensure end users have up-to-date technological information.

**PLANNED ACTION**

- Development of a research strategy that establishes short and long-term goals and priorities, and has input from the total agri-food industry.
- Improve the co-ordination of research activities on a regional basis by building upon the existing regional mandate of the Nova Scotia Agricultural College.
- Place greater emphasis on funding research that is market focused.
- Increase the investment in research by all industry participants.
- Revitalizing educational programs to respond to the changing needs within the industry.
- Ensure the availability of relevant educational opportunities and appropriate technical services.
- Establish a technology transfer program that provides increased emphasis on knowledge, efficiency, and timeliness of information.

## *4. HUMAN RESOURCE DEVELOPMENT*

The agricultural industry requires a highly trained and motivated workforce at all levels of the agri-food system. Competitiveness in the agriculture and food industry is enhanced by the development of technical, business, and marketing skills of industry participants. Training programs must be innovative and responsive to industry needs.

The rural community and the prosperity of the agricultural industry are interdependent. We must recognize and encourage development opportunities in rural Nova Scotia.

**Human resource development and management programs in both industry and government must keep pace with the industry's rapidly changing operating environment.**

**OPPORTUNITIES**

- Enhancing the skills of our people involved in the industry at the teaching, research, service, production, processing, distribution, and retail levels. People who are skilled and motivated are our most important asset.

- To build on our ability to co-operate and communicate within the agricultural industry.

- Provide leadership in building on our strength of consultation and working together for the advancement of the agricultural industry.

- To market our skills and knowledge outside the province to the benefit of our Nova Scotia industry.

**PLANNED ACTIONS**

- Provide an environment which recognizes excellence and encourages industry participants to upgrade their technical, as well as management and interpersonal skills.

- Improve the educational opportunities for all those in and serving the agri-food industry.

- Develop and provide programs that will enhance the marketing skills of industry participants.

- Encourage the development of leadership skills through programs designed to meet local needs.

- Identify and develop opportunities to market our skills and knowledge outside the province to the benefit of the Nova Scotia industry.

- Provide opportunities and programs that encourage the development of our rural youth.

- Encourage the development of the rural community and its people.

## *5. AGRICULTURAL AWARENESS*

Today, the vast proportion of the population is urban and is not aware of the complexity of the agri-food system. The very rapid change in farm technology has left a substantial gap in public understanding of the agricultural industry. The importance of the industry to the economy of Nova Scotia is not well understood by the public.

Improving consumer awareness of programs and procedures which exist to ensure food quality and safety is a constructive way for the industry to respond to consumer concerns.

Opportunities must be found for greater involvement of the public in matters relating to the environment, food safety, and quality.

Agricultural awareness provides a two-way flow of information. We must successfully link the impact of production and consumption to the benefit of local production and to the health of the larger local economy.

> **Awareness, understanding, active participation, and support of those affected -all Nova Scotians - are critical for success.**

## OPPORTUNITIES

- An emphasis on quality and safety can result in increased consumption, new product development, and a more health conscious public. We must learn to capitalize on this to the betterment of the agricultural industry.

- Involvement of the general public in the regulatory, environmental, and awareness programs carried out by industry participants.

- Improve the public perception and understanding of the agri-food industry.

## PLANNED ACTIONS

- Develop an agricultural awareness strategy that will provide greater awareness of the agricultural industry to all Nova Scotians and secure a public commitment to a future agricultural industry.

- Develop programs through co-operation with all industry participants that will heighten the image of agriculture and build on the quality and safety of our food system.

- Enhance communications and education programs to increase consumer awareness of, and confidence in, humane and environmentally responsible production methods and the quality and safety of Nova Scotia's agri-food products.

- Provide opportunities for two-way flow of information which links consumption, processing, and production to the benefit of the agricultural industry.

- Encourage the introduction or incorporation of agricultural education program at the primary and secondary school levels.

- Reallocate fiscal and human resources toward agricultural awareness program by all industry participants.

## 6. *MANAGING CHANGE*

The agricultural industry exists in a complex and changing environment. Trade agreements, changing consumer preferences, and shrinking government resources are but three areas where major implications for agriculture exist.

There is a need for change - change in attitude, in financial structure, and change in the focus of programs and services offered by government to assist industry in achieving its goals and objectives.

Programs and services must be directed toward those activities that offer the best opportunities for the growth and development of the agricultural sector.

> **Assisting the agriculture and food industry to manage financial and competitive pressures, and adapt to the new realities of a changing food production and marketing system**

### OPPORTUNITIES

- Industry participants must be able to respond to changing needs within the sector through the appropriate management and training of human resources.

- Provide up-to-date technology that reduces cost and/or increases the competitive focus of the agricultural business.

- Focus programs and services to meet the needs of a rapidly changing economic environment.

- Greater industry involvement in the planning and development of initiatives that respond to changes to ensure that activities and programs are market responsive.

**PLANNED ACTIONS**

- Identify changes and development initiatives that will permit industry participants to find co-operative solutions and organizational structures to address challenges facing the agricultural and food industry.

- Develop comprehensive, long-term risk management strategies in partnership with producers, processors, and government.

- Evaluate and reallocate resources to respond in more appropriate manner to changing needs of clients.

## *7. INFORMATION MANAGEMENT*

Effective and timely communication is vital to an industry as complex as agriculture. Sharing of information, improvements in communication techniques, and public access to information are important goals that must be realized if we are to continue to make progress in development of the industry.

We must use information technology to enhance our ability to manage the vast information requirements of the agricultural industry today.

We must continue to build on our strength of co-operation and consultation at all levels of the agricultural industry.

> **Communication in a timely, efficient, and effective manner is important to all participants in the agriculture and food industry.**

**OPPORTUNITIES**

- Development of a co-ordinated approach to information management to ensure timely and up-to-date information dissemination.

- Use of modern information technology to organize and disseminate information in a professional manner.

**PLANNED ACTIONS**

- Improve communications at all levels of the agri-food chain through co-ordinated approach and use of information technology.

- Professional training of staff involved in information management and dissemination is required.

- Ensure access to information in a timely fashion through the use of new technology.